



NEWS TO USE

A newsletter for PERSI Employers

January 2001

- Using Gain Sharing Credit and Savings
- Employee Gain Sharing deposits to occur February 1

The difference between your gain sharing "credit" and "savings," and how to utilize them

Some employers have contacted us and are confused about the differences between PERSI Gain Sharing "Credit" and "Savings." The Credit is the amount you do not have to transmit to PERSI. The Savings is money you now have in your budget to spend in other ways (capital expenditures, employee bonuses, etc.)

Using your Credit

You must begin using your Credit against your January 2001 transmittal report (the report that details wages paid during January 2001).

You must use the Credit against employer contributions.

If you wish to use up the Credit faster, you may also use the Credit against employee contributions.

You must continue to remit transmittal reports and must continue to deduct employee contributions from their pay each month. You cannot use the credit against sick leave or ORP payments.

One-Time Money

Your Credit is "one-time money." You should not count on it each year. Gain Sharing may or may not

occur annually, depending on PERSI's investment earnings and funding level. Gain Sharing will only occur in years when PERSI has extraordinary earnings.

How You May Use Your Gain Sharing Savings

PERSI has no restrictions on how you may utilize your PERSI savings. However, you may have restrictions on your spending depending on the type of employer you are as follows:

Cities, Counties and Political Subdivisions

The governing board for cities, counties and other political subdivisions are free to use their savings however they see fit.

If you are able to use your own discretion on how to utilize your savings, we suggest you use them, in part, to enhance your payroll system to accommodate the new PERSI transmittal requirements.

If you wish to give some or all of your employer savings to your employees as employer contributions to their Choice Plans, you may do so. The earliest the Choice Plan will be able to accept employer contributions

will be April or May 2001 when the plan is also able to accept voluntary employee contributions. Employer contributions may be made as lump sum or periodic payments.

However you use your funds, *we request that you inform your employees that PERSI is not involved in your spending decision*, and that their regular PERSI Base Plan benefits and contributions are in no way reduced or affected by Gain Sharing or your Employer Credit.

School Districts and State Agencies

In his "State of the State" and "Budget Address," the Governor recommended that PERSI savings be used to address life and safety issues in the schools. The legislature is considering that recommendation and various methods of implementation.

School districts and agencies of the State of Idaho should probably wait until they receive instructions before utilizing any Gain Sharing savings.

Employee gain sharing deposits to occur February 1. Confirmations and educational materials to follow

Employers received their Gain Sharing credit notices in December. Retirees received their Gain Sharing "13th Checks" in mid-January.

Active members will receive deposits into their new Choice Plan accounts on February 1, 2001. Confirmation statements will be sent immediately after the deposit. They will contain information on individual Gain Sharing distribution amounts, and personal identification numbers (PINs) employees may use to access their accounts via web and a toll free telephone number. They will also receive a letter further explaining Gain Sharing and the new Choice Plan.

If you did not supply us with home addresses for your employees, you will be receiving these statements for distribution to employees. It is very important that you give these to your employees as this is the only way they will know their distribution amount, account number and PIN number. We thank you for your assistance.

Employees also to receive educational materials

Later in February, all Choice Plan members will receive a Video Backpack. The book and video will contain information on the PERSI Base and Choice plans as well as basics of investing and financial planning. They will also guide employees to other educational sources. These Video Backpacks will also be mailed to home addresses

(if supplied to us), or to you for distribution (if we were not supplied with addresses). Again, we appreciate your help in distributing these materials.

600 On-Site Workshops to begin in April

In April, we will begin presenting workshops on-site at employer locations. These presentations will provide Base and Choice Plan information as well as investment and financial planning education.

We (or our education contractor, Educational Technologies -- ETI) will begin contacting employers very shortly to start scheduling the presentations. The presentations are designed to be three hours long. We will work with you to best fit these into the schedules of you and your employees.

For larger employers, we will try to do one or more presentations at your facilities. For smaller employers, we will group together several different agencies, perhaps having the workshops at area schools. We would like to make all workshops within an area available to all PERSI members, so if your employees cannot attend when we are at your site they may attend at another site.

Because we will be offering 600 presentations across the state, it will take us a year or more to get to everyone, but we will circulate throughout the state to provide a number of different chances for employees to attend workshops.

Governor permits use of internet for benefit information

PERSI Choice Plan and Base Plan information is available on our website (www.persi.state.id.us), and we encourage our members and employers to use the website to access PERSI information.

Governor Kempthorne also encourages state employees to utilize the web to obtain benefit information. An October 27, 2000 memo from the Governor states:

"Executive Order No. 98-05, regarding the use of the Internet by State Employees, could be interpreted to prohibit State employees from utilizing the Internet to participate in State supplemental retirement programs. For example, the State offers a section 401k plan and a section 457 deferred compensation plan for our employees. These plans communicate with our employees both in writing and through the Internet.

It is not my intention to prohibit employees from using State equipment to participate in such State programs. The Public Employee Retirement System director and the Deferred Compensation administrator are requested to notify plan participants of this policy. I would appreciate it if you would let know your administrators that such use is permitted."

While this is directed only at State employees, schools and political subdivisions may wish to follow the Governor's lead in permitting employees to access PERSI information on line.